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**NORTHSHORE FAMILIES HELPING
FAMILIES, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/1/06

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INDEPENDENT ACCOUNTANTS' REPORT

To The Board of Directors
Northshore Families Helping Families, Inc.
Covington, Louisiana

We have audited the accompanying statement of financial position of Northshore Families Helping Families, Inc. (a Louisiana non-profit corporation) as of June 30, 2005, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northshore Families Helping Families, Inc. as of June 30, 2005, and the results of its activities and its cash flows for the year then ended, in conformity with accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 16, 2006 on our consideration of Northshore Families Helping Families, Inc.'s laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Northshore Families Helping Families, Inc. taken as a whole. The accompanying schedule of state financial assistance is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Janaury 16, 2006

Northshore Families Helping Families, Inc.
Statement of Financial Position
June 30, 2005

ASSETS

Current assets	
Cash and cash equivalents	\$ 109,164
Accounts receivable	75,453
Prepays	1,404
	<u>186,021</u>
Property and equipment	
Furniture and equipment	11,887
Less accumulated depreciation	(8,444)
	<u>3,443</u>
Other assets	
Deposits	1,700
	<u>1,700</u>
TOTAL ASSETS	<u>\$ 191,164</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 4,303
Accrued salaries and taxes	14,401
	<u>18,704</u>
Net assets	
Unrestricted	172,460
	<u>172,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 191,164</u>

The accompanying notes are an integral part of this statement

Northshore Families Helping Families, Inc.
Statement of Activities
For the Year Ended June 30, 2005

Revenues and Other Support

State grants and contracts	\$ 477,904
Donations	3,100
Fundraisers, net of expenses of \$3,048	2,134
Interest income	519
Loss on disposal of equipment	(12,648)
Other	136

Total revenues and other support	471,145
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Functional Expenses

Advertising	435
Contract labor	6,170
Depreciation	4,649
Dues and subscriptions	470
Insurance	3,688
Library	1,449
Occupancy	24,450
Other	3,003
Postage	5,200
Professional services	11,784
Repairs and maintenance	6,247
Salaries and taxes	308,164
Seminars and education	21,702
Stipend	10,220
Supplies	7,591
Telephone and communications	17,516
Travel	18,905
Utilities	6,979

Total functional expenses	458,622
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Change in net assets	<u>\$ 12,523</u>
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The accompanying notes are an integral part of this statement

Northshore Families Helping Families, Inc.
Statement of Changes in Net Assets
June 30, 2005

Net assets - beginning of year	\$ 159,937
Increase (decrease) in net assets	
Unrestricted	<u>12,523</u>
Net assets - end of year	<u><u>\$ 172,460</u></u>

The accompanying notes are an integral part of this statement

Northshore Families Helping Families, Inc.
Statement of Cash Flows
June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 12,523
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	4,649
Loss on diposal of equipment	12,648
(Increase) decrease in operating assets	
Receivables	39,968
Prepaid rents	396
Increase (decrease) in operating liabilities	
Accounts payable	(12,168)
Salaries and taxes payable	14,401
Net cash provided by (used in) operating activities	72,417

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(1,093)
Net cash used in investing activities	(1,093)

CASH FLOWS FROM FINANCING ACTIVITIES

Net increase (decrease) in cash and cash equivalents	71,324
Cash and cash equivalents - beginning of year	37,840
Cash and cash equivalents - end of year	<u>\$ 109,164</u>

The accompanying notes are an integral part of this statement

Northshore Families Helping
Families, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2005

	Program Services					LA Office for Citizens DD	DHH SPOE	LA Bureau of Community Support
	OHP Children Special Services	La DD Council FHF Center	La DD Council Stipend	La DD Council Star				
Advertising	\$ 52	\$ 44	\$ 3	\$ 6	\$ 61	\$ 160	\$	14
Contract labor	741	624	39	78	859	2,268		195
Depreciation	559	470	29	59	647	1,709		147
Dues and subscriptions	56	48	3	6	65	173		15
Insurance	443	373	23	47	513	1,355		117
Library	174	147	9	18	202	533		46
Occupancy	2,938	2,474	155	309	3,402	8,986		773
Other	361	304	19	38	418	1,104		95
Postage	625	526	33	66	724	1,911		164
Professional services	1,416	1,193	75	149	1,640	4,331		373
Repairs and maintenance	751	632	40	79	869	2,296		198
Salaries and taxes	37,033	31,186	1,949	3,898	42,881	113,252		9,746
Seminars and education	2,608	2,196	137	275	3,020	7,976		686
Stipend	1,228	1,034	65	129	1,422	3,756		323
Supplies	912	768	48	96	1,056	2,790		240
Telephone and communications	2,105	1,773	111	222	2,437	6,437		554
Travel	2,272	1,913	120	239	2,631	6,948		598
Utilities	839	706	44	88	971	2,565		221
	\$ 55,113	\$ 46,411	\$ 2,902	\$ 5,802	\$ 63,818	\$ 168,550	\$	14,505

The accompanying notes are an integral part of this statement.

Northshore Families Helping
Families, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2005

	Program Services			Support Services		Total
	LA DOE LaSig	LA DOE Parent	Program Services Total	Admin and General		
Advertising	\$ 33	\$ 44	\$ 417	\$ 19	\$	\$ 436
Contract labor	468	624	5,896	273		6,169
Depreciation	353	470	4,443	206		4,649
Dues and subscriptions	36	48	450	21		471
Insurance	280	373	3,524	163		3,687
Library	110	147	1,386	64		1,450
Occupancy	1,856	2,474	23,367	1,083		24,450
Other	228	304	2,871	133		3,004
Postage	395	526	4,970	230		5,200
Professional services	894	1,193	11,264	522		11,786
Repairs and maintenance	474	632	5,971	277		6,248
Salaries and taxes	23,389	31,186	294,520	13,644		308,164
Seminars and education	1,647	2,196	20,741	961		21,702
Stipend	776	1,034	9,767	452		10,219
Supplies	576	768	7,254	336		7,590
Telephone and communications	1,329	1,773	16,741	776		17,517
Travel	1,435	1,913	18,069	837		18,906
Utilities	530	706	6,670	304		6,974
	<u>\$ 34,809</u>	<u>\$ 46,411</u>	<u>\$ 438,321</u>	<u>\$ 20,301</u>		<u>\$ 458,622</u>

The accompanying notes are an integral part of this statement.

Northshore Families Helping Families, Inc.
Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Northshore Families Helping Families, Inc. (the "Organization") was incorporated on October 6, 1992. The Organization is a non-profit corporation organized to provide informational support and educational services to area families who have family members, which are handicapped or have developmental disabilities. The primary sources of revenue are from contracts for services provided to the State of Louisiana.

Donated Assets and Services

The Organization records noncash donations as contributions at its estimated fair value at the date of donation. Significant portions of the Organization's functions are conducted by unpaid officers, board members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements as they do not create nonfinancial assets nor are they specialized services as described in SFAS No. 116.

The Organization recognizes donated services, if significant in amount, that creates, or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment

Property and equipment are recorded at cost. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line basis over a five to seven year period. Donations of property and equipment are recorded at estimated fair market value on the date of donation. These assets are recorded as unrestricted net assets unless the donor imposes a restriction. Additions, improvements, or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes.

Accounts Receivable

Accounts receivable consists of amounts owed from the state for grants and cost reimbursed programs. These amounts are presented at cost and management estimates that all are collectable.

Northshore Families Helping Families, Inc.
Notes To Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Functional Expense Allocation

Functional expenses are allocated among the various program services, general and administrative, and fundraising categories based on actual use or management's best estimate.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all restricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

In preparing the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 116 and SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Northshore Families Helping Families, Inc.
Notes To Financial Statements

NOTE B – ACCOUNTS RECEIVABLE

The detail of accounts receivable at June 30, 2005 is as follows:

State of Louisiana Department of Health and Hospitals	
Office of Public Health (SPOE)	\$ 44,809
La Office OHP Childrens' Special Services	7,680
Office for Citizens with Disabilities	5,417
La Developmental Disabilities Council	4,867
Bureau of Community Support Services	675
	<u>63,448</u>
Families Helping Families of NO (OMH)	750
Bayou Land Families Helping Families (ECSS)	7,130
State of Louisiana Department of Education	4,125
	<u>\$ 75,453</u>

As of June 30, 2005, amounts owed from the State of Louisiana Department of Health and Hospitals represents 84% of receivables. These amounts represent a significant concentration of credit risk. The Organization has not experienced any losses in prior contract history and believes it is not exposed to any significant risk to the receivables.

NOTE C - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in financial institutions located in Covington, Louisiana that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$100,000. The Organization's cash balances were in excess of the FDIC insurance at June 30, 2005 by \$13,028. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE D– PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2005:

Furniture and equipment	\$ 11,887
Less: accumulated depreciation	<u>(8,444)</u>
Total	<u>\$ 3,443</u>

Depreciation expense was \$4,649 for the year ended June 30, 2005.

Northshore Families Helping Families, Inc.
Notes To Financial Statements

NOTE E – PROGRAM GRANTS

The Organization was established to provide informational support and educational services to area families who have family members, which are handicapped or have developmental disabilities. A substantial portion of the Organization's support and revenue is derived from grants for the programs conducted. The various grants are approved on a year-to-year basis. Any unexpended grant funds or unauthorized expenditures must be refunded. The Organization received 75% of its revenue from grant programs administered by the State of Louisiana Department of Health and Hospitals.

These contracts provide for equipment purchased to be returned upon termination of the grant. In May 2005, the SPOE contract was terminated which generated a loss on disposal of equipment of \$12,648 as of June 30, 2005.

NOTE F – THIRD PARTY REVENUES

A substantial share of contract revenues for services to clients is derived under a state third-party reimbursement program. These revenues are based, in part, on cost reimbursement principles and are subject to adjustments by the respective third-party providers. Retroactive adjustments, if any, would not be material to the financial position or results of operations of the Organization.

NOTE G – FUND RAISING REVENUES

Fund raising revenues are presented net of fundraising expenses on the accompanying statement of activities. Gross fund raising income for the period ending June 30, 2005 were \$5,182 and related expenses were \$3,048.

NOTE H – LEASES

For the year ended June 30, 2005, The Organization leased two office buildings on a month to month basis. Monthly rental was \$2,100. Upon cancellation of the SPOE program in May 2005, one monthly lease for \$900 was cancelled. Rental expense for the year ended June 30, 2005 was \$24,450

During June 2004, the Organization entered into a five year non-cancellable lease agreement for a copy machine. Monthly payments starting in July 2004 will be \$238 excluding meter print charges. Total rental expense for the year ended June 30, 2005 was \$2,859. Future minimum lease payments are as follows:

2006	\$	2,859
2007		2,859
2008		2,859
2009		2,859
		<hr/>
	\$	11,436

SUPPLEMENTARY INFORMATION

Northshore Families Helping Families, Inc.
Schedule of Financial Assistance
For the Year Ended June 30, 2005

DESCRIPTION	GRANT NUMBER	GRANT PERIOD		TOTAL GRANT AWARD	ACCRUED/ (DEFERRED) REVENUE		ASSISTANCE RECEIVED DURING YEAR		ACCRUED/ (DEFERRED) REVENUE		TOTAL REVENUE RECOGNIZED	TOTAL EXPENDITURES
		FROM	THROUGH		June 30, 2004	June 30, 2005	GRANTS	OTHER	June 30, 2005	June 30, 2005		
Louisiana Office of Public Health- Children's Special Health Services	602239	7/1/2003	6/30/2004	\$ 66,000	\$ 8,630	\$ -	\$ 8,630	\$ -	\$ -	\$ -	\$ -	\$ -
	614519	7/1/2004	6/30/2005	66,000	-	7,680	51,365	-	7,680	59,045	\$ 55,113	
Louisiana Developmental Disabilities Council	604338	10/1/2003	9/30/2004	6,000	4,500	-	6,000	-	-	1,500	1,451	
	617774	10/1/2004	9/30/2005	6,000	-	500	4,000	-	500	4,500	4,351	
	599685	7/1/2003	9/30/2004	6,350	1,155	-	1,675	-	-	520	726	
	617770	10/1/2004	9/30/2005	5,080	-	-	2,865	-	-	2,865	2,176	
	600275	7/1/2003	6/30/2004	56,252	8,333	-	8,333	-	-	-	-	
	610865	7/1/2004	6/30/2005	50,000	-	4,167	45,833	-	4,167	50,000	46,411	
Louisiana Office for Citizens with Developmental Disabilities	595349	7/1/2003	6/30/2004	66,000	5,417	-	5,417	-	-	-	-	
	595349	7/1/2004	6/30/2005	65,000	-	5,416	59,584	-	5,416	65,000	63,818	
Louisiana Department of Health and Hospitals	597417	6/1/2003	5/31/2004	203,184	40,617	-	40,617	-	-	-	-	
	610657	6/1/2004	5/31/2005	172,778	12,893	44,810	137,129	-	44,810	169,046	168,549	
Bureau of Community Supports and Services	607323	2/1/2004	12/31/2004	14,000	6,364	-	14,000	-	-	7,636	7,253	
	619798	1/1/2005	6/30/2005	6,975	-	675	6,075	-	675	6,750	7,252	
Louisiana Department of Education	678046	7/1/2003	6/30/2004	24,918	6,509	-	6,509	-	-	-	-	
	681045	7/1/2003	6/30/2004	49,500	16,500	-	16,500	-	-	-	-	
	611038	7/1/2004	6/30/2005	49,500	-	4,125	45,375	-	4,125	49,500	46,411	
Total				\$ 913,537	\$ 110,918	\$ 67,373	\$ 459,907	\$ -	\$ 67,373	\$ 416,362	\$ 403,511	

See independent auditors' report

OTHER INDEPENDENT ACCOUNTANTS' REPORTS

Skarda & Silva, L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Directors
Northshore Families Helping Families, Inc.
Covington, Louisiana

We have audited the financial statements of Northshore Families Helping Families, Inc. (a Louisiana corporation, not-for-profit) as of and for the year ended June 30, 2005, and have issued our report thereon dated January 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance whether Northshore Families Helping Families, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northshore Families Helping Families, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, the State of Louisiana Department of Health and Hospitals, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


January 16, 2006

**Northshore Families Helping Families, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ yes	_____ X	no
Reportable conditions identified?			
not considered to be material weaknesses?	_____ yes	_____ X	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ X	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not applicable.
Reportable conditions identified?	Not applicable.
not considered to be material weaknesses?	

Type of auditors' report issued on compliance for major programs:	Not applicable
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	Not applicable
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Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs:	_____ \$300,000 _____
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Auditee qualified as low-risk audit?	Not applicable
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**Section II - Internal Control & Compliance
Governmental Auditing Standards**

Internal Control

<u>Item Number</u>	<u>Agency/Program</u>	<u>Questioned Costs</u>
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No findings and questioned costs for the year ended June 30, 2005

Northshore Families Helping Families, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Ref. No.	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
Section III - Management Letter Comments					
2005-1	6/30/2005	The Local Government Accounting, Auditing and Financial Reporting Act LSA-R.S. 24:513 (a) requires that all audits shall be completed within six months of the close of the entity's fiscal year.	Yes		A request for extension with filed under the State of Louisiana Legislative Act 36 in December 2005. The Organization will strive to timely file in future.

**Northshore Families Helping Families, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2005**

Ref. No.	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
2004-1	6/30/2004	Documentation not maintained on file for employee reimbursements	Yes	Bookkeeper has made changes to filing system that will eliminate this problem.